



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0509	Title:	Revise coal mining laws
Primary Sponsor:	Erickson, Ron	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$147,287	\$143,274	\$95,606	\$97,996
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$147,287)</u>	<u>(\$143,274)</u>	<u>(\$95,606)</u>	<u>(\$97,996)</u>

Description of fiscal impact:

This bill would require additional reclamation standards for coal and uranium mine and prospecting operations. This is anticipated to require one additional full-time environmental specialist and a two-year contract with a university or other authority with expertise to develop necessary below-ground data collection and statistical analysis methods, specific soil characteristic and root morphology and biomass standards, and rules. Since no other revenue source is available, funding for the new position and contract would come from the general fund.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality (DEQ)

1. This bill would impose additional reclamation standards for coal and uranium mining and prospecting operations, i.e., "restoration of...[premining] soil zone characteristics" and vegetation reestablishment that would exhibit root development comparable to undisturbed conditions.
2. The bill's effective date would be July 1, 2007. It would not be retroactive and would thus apply to new permits and amendments of existing permits. Several amendments and new permit applications are anticipated by the Department of Environmental Quality (DEQ) in the next several years.

3. It is anticipated that one additional FTE environmental specialist would be needed to accomplish this. Personal services (salaries and benefits) costs would be: \$58,854 in FY 2008, \$58,854 in FY 2009, \$60,325 in FY 2010, and \$61,833 in FY 2011. Operating expenses would be \$88,433 in FY 2008, \$84,420 in FY 2009, \$35,284 in FY 2010, \$37,637 in FY 2011, which includes supplies, travel, communications, education/training, contracts, and indirect costs. There are higher costs for the first year for office set up purposes and a 2.5% inflation factor has been applied for FY 2010 and FY 2011. For the first two years a \$50,000 contract is anticipated (see assumption #5).
4. The new environmental specialist would be responsible for developing and managing the contract and for subsequent coordination of technical aspects of permitting and compliance actions required of coal and uranium mining and prospecting operations to meet the new requirements.
5. A \$50,000 contract for both FY 2008 and FY 2009 initiated with a university or other authority with expertise in root and soil characteristic sampling and research would be needed. The objective of this contract would involve the development of root and soil sampling and statistical methodologies and development of root and soil characteristic reclamation standards.
6. The DEQ program that administers regulation of coal and uranium mining and prospecting activities receives about 83% of its funding from the Office of Surface Mining (OSM), U.S. Dept. of Interior. In the past few years, federal funding for the program has not kept up with inflation and in FY 2007 DEQ received less funding from OSM than in FY 2006. DEQ's request for FY 2008 federal grant is \$1,267,004. The table below shows the amount of federal grants received by DEQ in the last five fiscal years.

<u>FY</u>	<u>Federal Grant Received</u>
2003	\$ 957,649
2004	\$1,000,938
2005	\$1,000,882
2006	\$1,050,740
2007	\$1,043,335
2008	\$1,023,335

7. Assuming that the federal funding situation will not change appreciably in the next few years, and also, in view of the fact that these additional proposed reclamation requirements are not found in the counterpart federal law (Public Law 95-87) that OSM administers, it is assumed that there would be no federal contribution to the funding needed for the anticipated new position and contract. Thus, the funding would need to come from the general fund.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$58,854	\$58,854	\$60,325	\$61,833
Operating Expenses	<u>\$88,433</u>	<u>\$84,420</u>	<u>\$35,281</u>	<u>\$36,163</u>
TOTAL Expenditures	<u><u>\$147,287</u></u>	<u><u>\$143,274</u></u>	<u><u>\$95,606</u></u>	<u><u>\$97,996</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$147,287	\$143,274	\$95,606	\$97,996
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$147,287)	(\$143,274)	(\$95,606)	(\$97,996)

Technical Notes:

1. Under federal law, state coal mine reclamation statutes and rules may not be less stringent than federal reclamation statutes and rules. 30 C.F.R 816.41 provides that an operator must minimize disturbance of the hydrologic balance within the permit and adjacent areas and prevent material damage to the hydrologic balance outside the permit area. On page 19, line 16, HB 509 inserts a requirement to prevent material damage to the hydrologic balance outside the permit area, but it deletes the requirement to minimize disturbance to the hydrologic balance in adjacent areas. This may make the statute less stringent than federal law. If the deleted language is not restored, a contingent voidness section should be added to HB 509. It should provide that if the deletion is disapproved by the Secretary of the Interior under federal law, the deletion is void.
2. HB 509 adds a requirement in several statutes that reclamation prevent erosion instead of control erosion. Prevention of erosion is not possible.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date